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AMENDED IN SENATE JUNE 27, 2016

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AMENDED IN ASSEMBLY APRIL 25, 2016

AMENDED IN ASSEMBLY APRIL 4, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1937

Introduced by Assembly Members Gomez and Williams
(Coauthor: Senator Pavley)

February 12, 2016

An act to amend Sections 399.13 and 454.5 of the Public Utilities Code, relating to electricity.

LEGISLATIVE COUNSEL'S DIGEST

AB 1937, as amended, Gomez. Electricity: procurement.

The Public Utilities Act requires the Public Utilities Commission to review and accept, modify, or reject a procurement plan for each electrical corporation in accordance with specified procedures, considerations, and objectives. The act requires that electrical corporations' proposed procurement plans include certain elements, including a showing that the electrical corporations will first meet their unmet needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible.

This bill would require electrical corporations' proposed procurement plans to also include a showing that the electrical corporations (1), in soliciting bids for *new* gas-fired-generation resources from new facilities;

generating units, actively seek bids for resources that are not gas-fired ~~generation resources~~ *generating units* located in communities that suffer from cumulative pollution burdens and (2), in considering bids for, or negotiating bilateral contracts for, new gas-fired ~~generation resources~~, *generating units*, give preference to ~~generation~~ resources that are not gas-fired ~~generation resources~~ *generating units* located in those communities. The bill would require the commission, before approving a contract for any new gas-fired ~~generation resource~~, *generating unit*, to require the electrical corporation to demonstrate that it has complied with its approved procurement plan. Because this requirement would be a part of the Public Utilities Act and because a violation of an order or decision of the commission implementing its requirements would be a crime, the bill would impose a state-mandated local program by creating a new crime.

Existing law requires electrical corporations, in soliciting and procuring of eligible renewable energy resources for California-based projects, to give preference to renewable energy projects that provide environmental and economic benefits to communities afflicted with poverty or high unemployment or those suffering from high emission levels of toxic air contaminants, criteria air pollutants, and greenhouse gases.

This bill would specify that the above requirements apply to all procurement of eligible renewable energy resources for California-based projects whether the procurement occurs through all-source requests for offers, eligible renewable energy resources only requests for offers, or other procurement mechanisms.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 399.13 of the Public Utilities Code is
- 2 amended to read:
- 3 399.13. (a) (1) The commission shall direct each electrical
- 4 corporation to annually prepare a renewable energy procurement

1 plan that includes the matter in paragraph (5), to satisfy its
2 obligations under the renewables portfolio standard. To the extent
3 feasible, this procurement plan shall be proposed, reviewed, and
4 adopted by the commission as part of, and pursuant to, a general
5 procurement plan process. The commission shall require each
6 electrical corporation to review and update its renewable energy
7 procurement plan as it determines to be necessary. The commission
8 shall require all other retail sellers to prepare and submit renewable
9 energy procurement plans that address the requirements identified
10 in paragraph (5).

11 (2) Every electrical corporation that owns electrical transmission
12 facilities shall annually prepare, as part of the Federal Energy
13 Regulatory Commission Order 890 process, and submit to the
14 commission, a report identifying any electrical transmission
15 facility, upgrade, or enhancement that is reasonably necessary to
16 achieve the renewables portfolio standard procurement
17 requirements of this article. Each report shall look forward at least
18 five years and, to ensure that adequate investments are made in a
19 timely manner, shall include a preliminary schedule when an
20 application for a certificate of public convenience and necessity
21 will be made, pursuant to Chapter 5 (commencing with Section
22 1001), for any electrical transmission facility identified as being
23 reasonably necessary to achieve the renewable energy resources
24 procurement requirements of this article. Each electrical
25 corporation that owns electrical transmission facilities shall ensure
26 that project-specific interconnection studies are completed in a
27 timely manner.

28 (3) The commission shall direct each retail seller to prepare and
29 submit an annual compliance report that includes all of the
30 following:

31 (A) The current status and progress made during the prior year
32 toward procurement of eligible renewable energy resources as a
33 percentage of retail sales, including, if applicable, the status of any
34 necessary siting and permitting approvals from federal, state, and
35 local agencies for those eligible renewable energy resources
36 procured by the retail seller, and the current status of compliance
37 with the portfolio content requirements of subdivision (c) of
38 Section 399.16, including procurement of eligible renewable energy
39 resources located outside the state and within the WECC and
40 unbundled renewable energy credits.

(B) If the retail seller is an electrical corporation, the current status and progress made during the prior year toward construction of, and upgrades to, transmission and distribution facilities and other electrical system components it owns to interconnect eligible renewable energy resources and to supply the electricity generated by those resources to load, including the status of planning, siting, and permitting transmission facilities by federal, state, and local agencies.

(C) Recommendations to remove impediments to making progress toward achieving the renewable energy resources procurement requirements established pursuant to this article.

(4) The commission shall adopt, by rulemaking, all of the following:

(A) A process that provides criteria for the rank ordering and selection of least-cost and best-fit eligible renewable energy resources to comply with the California Renewables Portfolio Standard Program obligations on a total cost and best-fit basis. This process shall take into account all of the following:

(i) Estimates of indirect costs associated with needed transmission investments.

(ii) The cost impact of procuring the eligible renewable energy resources on the electrical corporation's electricity portfolio.

(iii) The viability of the project to construct and reliably operate the eligible renewable energy resource, including the developer's experience, the feasibility of the technology used to generate electricity, and the risk that the facility will not be built, or that construction will be delayed, with the result that electricity will not be supplied as required by the contract.

(iv) Workforce recruitment, training, and retention efforts, including the employment growth associated with the construction and operation of eligible renewable energy resources and goals for recruitment and training of women, minorities, and disabled veterans.

(v) (I) Estimates of electrical corporation expenses resulting from integrating and operating eligible renewable energy resources, including, but not limited to, any additional wholesale energy and capacity costs associated with integrating each eligible renewable resource.

1 (II) No later than December 31, 2015, the commission shall
2 approve a methodology for determining the integration costs
3 described in subclause (I).

4 (vi) Consideration of any statewide greenhouse gas emissions
5 limit established pursuant to the California Global Warming
6 Solutions Act of 2006 (Division 25.5 (commencing with Section
7 38500) of the Health and Safety Code).

8 (vii) Consideration of capacity and system reliability of the
9 eligible renewable energy resource to ensure grid reliability.

10 (B) Rules permitting retail sellers to accumulate, beginning
11 January 1, 2011, excess procurement in one compliance period to
12 be applied to any subsequent compliance period. The rules shall
13 apply equally to all retail sellers. In determining the quantity of
14 excess procurement for the applicable compliance period, the
15 commission shall retain the rules adopted by the commission and
16 in effect as of January 1, 2015, for the compliance period specified
17 in subparagraphs (A) to (C), inclusive, of paragraph (1) of
18 subdivision (b) of Section 399.15. For any subsequent compliance
19 period, the rules shall allow the following:

20 (i) For electricity products meeting the portfolio content
21 requirements of paragraph (1) of subdivision (b) of Section 399.16,
22 contracts of any duration may count as excess procurement.

23 (ii) Electricity products meeting the portfolio content
24 requirements of paragraph (2) or (3) of subdivision (b) of Section
25 399.16 shall not be counted as excess procurement. Contracts of
26 any duration for electricity products meeting the portfolio content
27 requirements of paragraph (2) or (3) of subdivision (b) of Section
28 399.16 that are credited towards a compliance period shall not be
29 deducted from a retail seller's procurement for purposes of
30 calculating excess procurement.

31 (iii) If a retail seller notifies the commission that it will comply
32 with the provisions of subdivision (b) for the compliance period
33 beginning January 1, 2017, the provisions of clauses (i) and (ii)
34 shall take effect for that retail seller for that compliance period.

35 (C) Standard terms and conditions to be used by all electrical
36 corporations in contracting for eligible renewable energy resources,
37 including performance requirements for renewable generators. A
38 contract for the purchase of electricity generated by an eligible
39 renewable energy resource, at a minimum, shall include the
40 renewable energy credits associated with all electricity generation

1 specified under the contract. The standard terms and conditions
2 shall include the requirement that, no later than six months after
3 the commission's approval of an electricity purchase agreement
4 entered into pursuant to this article, the following information
5 about the agreement shall be disclosed by the commission: party
6 names, resource type, project location, and project capacity.

7 (D) An appropriate minimum margin of procurement above the
8 minimum procurement level necessary to comply with the
9 renewables portfolio standard to mitigate the risk that renewable
10 projects planned or under contract are delayed or canceled. This
11 paragraph does not preclude an electrical corporation from
12 voluntarily proposing a margin of procurement above the
13 appropriate minimum margin established by the commission.

14 (5) Consistent with the goal of increasing California's reliance
15 on eligible renewable energy resources, the renewable energy
16 procurement plan shall include all of the following:

17 (A) An assessment of annual or multiyear portfolio supplies
18 and demand to determine the optimal mix of eligible renewable
19 energy resources with deliverability characteristics that may include
20 peaking, dispatchable, baseload, firm, and as-available capacity.

21 (B) Potential compliance delays related to the conditions
22 described in paragraph (5) of subdivision (b) of Section 399.15.

23 (C) A bid solicitation setting forth the need for eligible
24 renewable energy resources of each deliverability characteristic,
25 required online dates, and locational preferences, if any.

26 (D) A status update on the development schedule of all eligible
27 renewable energy resources currently under contract.

28 (E) Consideration of mechanisms for price adjustments
29 associated with the costs of key components for eligible renewable
30 energy resource projects with online dates more than 24 months
31 after the date of contract execution.

32 (F) An assessment of the risk that an eligible renewable energy
33 resource will not be built, or that construction will be delayed,
34 with the result that electricity will not be delivered as required by
35 the contract.

36 (6) In soliciting and procuring eligible renewable energy
37 resources, each electrical corporation shall offer contracts of no
38 less than 10 years duration, unless the commission approves of a
39 contract of shorter duration.

1 (7) (A) In soliciting and procuring eligible renewable energy
2 resources for California-based projects, each electrical corporation
3 shall give preference to renewable energy projects that provide
4 environmental and economic benefits to communities afflicted
5 with poverty or high unemployment, or that suffer from high
6 emission levels of toxic air contaminants, criteria air pollutants,
7 and greenhouse gases.

8 (B) Subparagraph (A) applies to all procurement of eligible
9 renewable energy resources for California-based projects, whether
10 the procurement occur through all-source requests for offers,
11 eligible renewable resources only requests for offers, or other
12 procurement mechanisms. This subparagraph is declaratory of
13 existing law.

14 (8) In soliciting and procuring eligible renewable energy
15 resources, each retail seller shall consider the best-fit attributes of
16 resource types that ensure a balanced resource mix to maintain the
17 reliability of the electrical grid.

18 (b) A retail seller may enter into a combination of long- and
19 short-term contracts for electricity and associated renewable energy
20 credits. Beginning January 1, 2021, at least 65 percent of the
21 procurement a retail seller counts toward the renewables portfolio
22 standard requirement of each compliance period shall be from its
23 contracts of 10 years or more in duration or in its ownership or
24 ownership agreements for eligible renewable energy resources.

25 (c) The commission shall review and accept, modify, or reject
26 each electrical corporation's renewable energy resource
27 procurement plan prior to the commencement of renewable energy
28 procurement pursuant to this article by an electrical corporation.
29 The commission shall assess adherence to the approved renewable
30 energy resource procurement plans in determining compliance
31 with the obligations of this article.

32 (d) Unless previously preapproved by the commission, an
33 electrical corporation shall submit a contract for the generation of
34 an eligible renewable energy resource to the commission for review
35 and approval consistent with an approved renewable energy
36 resource procurement plan. If the commission determines that the
37 bid prices are elevated due to a lack of effective competition among
38 the bidders, the commission shall direct the electrical corporation
39 to renegotiate the contracts or conduct a new solicitation.

(e) If an electrical corporation fails to comply with a commission order adopting a renewable energy resource procurement plan, the commission shall exercise its authority to require compliance.

(f) (1) The commission may authorize a procurement entity to enter into contracts on behalf of customers of a retail seller for electricity products from eligible renewable energy resources to satisfy the retail seller's renewables portfolio standard procurement requirements. The commission shall not require any person or corporation to act as a procurement entity or require any party to purchase eligible renewable energy resources from a procurement entity.

(2) Subject to review and approval by the commission, the procurement entity shall be permitted to recover reasonable administrative and procurement costs through the retail rates of end-use customers that are served by the procurement entity and are directly benefiting from the procurement of eligible renewable energy resources.

(g) Procurement and administrative costs associated with contracts entered into by an electrical corporation for eligible renewable energy resources pursuant to this article and approved by the commission are reasonable and prudent and shall be recoverable in rates.

(h) Construction, alteration, demolition, installation, and repair work on an eligible renewable energy resource that receives production incentives pursuant to Section 25742 of the Public Resources Code, including work performed to qualify, receive, or maintain production incentives, are "public works" for the purposes of Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of the Labor Code.

SEC. 2. Section 454.5 of the Public Utilities Code is amended to read:

454.5. (a) The commission shall specify the allocation of electricity, including quantity, characteristics, and duration of electricity delivery, that the Department of Water Resources shall provide under its power purchase agreements to the customers of each electrical corporation, which shall be reflected in the electrical corporation's proposed procurement plan. Each electrical corporation shall file a proposed procurement plan with the commission not later than 60 days after the commission specifies the allocation of electricity. The proposed procurement plan shall

1 specify the date that the electrical corporation intends to resume
2 procurement of electricity for its retail customers, consistent with
3 its obligation to serve. After the commission's adoption of a
4 procurement plan, the commission shall allow not less than 60
5 days before the electrical corporation resumes procurement
6 pursuant to this section.

7 (b) An electrical corporation's proposed procurement plan shall
8 include, but not be limited to, all of the following:

9 (1) An assessment of the price risk associated with the electrical
10 corporation's portfolio, including any utility-retained generation,
11 existing power purchase and exchange contracts, and proposed
12 contracts or purchases under which an electrical corporation will
13 procure electricity, electricity demand reductions, and
14 electricity-related products and the remaining open position to be
15 served by spot market transactions.

16 (2) A definition of each electricity product, electricity-related
17 product, and procurement related financial product, including
18 support and justification for the product type and amount to be
19 procured under the plan.

20 (3) The duration of the plan.

21 (4) The duration, timing, and range of quantities of each product
22 to be procured.

23 (5) A competitive procurement process under which the
24 electrical corporation may request bids for procurement-related
25 services, including the format and criteria of that procurement
26 process.

27 (6) An incentive mechanism, if any incentive mechanism is
28 proposed, including the type of transactions to be covered by that
29 mechanism, their respective procurement benchmarks, and other
30 parameters needed to determine the sharing of risks and benefits.

31 (7) The upfront standards and criteria by which the acceptability
32 and eligibility for rate recovery of a proposed procurement
33 transaction will be known by the electrical corporation prior to
34 execution of the transaction. This shall include an expedited
35 approval process for the commission's review of proposed contracts
36 and subsequent approval or rejection thereof. The electrical
37 corporation shall propose alternative procurement choices in the
38 event a contract is rejected.

39 (8) Procedures for updating the procurement plan.

1 (9) A showing that the procurement plan will achieve the
2 following:

3 (A) The electrical corporation, in order to fulfill its unmet
4 resource needs, shall procure resources from eligible renewable
5 energy resources in an amount sufficient to meet its procurement
6 requirements pursuant to the California Renewables Portfolio
7 Standard Program (Article 16 (commencing with Section 399.11)
8 of Chapter 2.3).

9 (B) The electrical corporation shall create or maintain a
10 diversified procurement portfolio consisting of both short-term
11 and long-term electricity and electricity-related and demand
12 reduction products.

13 (C) The electrical corporation shall first meet its unmet resource
14 needs through all available energy efficiency and demand reduction
15 resources that are cost effective, reliable, and feasible.

16 (D) (i) The electrical corporation, in soliciting bids for *new*
17 ~~gas-fired generation resources from new facilities, generating~~
18 *units*, shall actively seek bids for resources that are not gas-fired
19 ~~generation resources~~ *generating units* located in communities that
20 suffer from cumulative pollution burdens, including, but not limited
21 to, high emission levels of toxic air contaminants, criteria air
22 pollutants, and greenhouse gases.

23 (ii) In considering bids for, or negotiating contracts for, new
24 ~~gas-fired generation resources, generating units~~, the electrical
25 corporation shall provide greater preference to resources that are
26 not gas-fired ~~generation resources~~ *generating units* located in
27 communities that suffer from cumulative pollution burdens,
28 including, but not limited to, high emission levels of toxic air
29 contaminants, criteria air pollutants, and greenhouse gases.

30 (iii) This subparagraph does not apply to contracts signed by
31 an electrical corporation and approved by the commission prior
32 to January 1, 2017.

33 ~~(E) The electrical corporation shall undertake all feasible efforts~~
34 ~~to meet any identified resource need through available renewable~~
35 ~~energy, energy storage, energy efficiency, and demand reduction~~
36 ~~resources that are cost effective, reliable, and feasible.~~

37 (10) The electrical corporation's risk management policy,
38 strategy, and practices, including specific measures of price
39 stability.

1 (11) A plan to achieve appropriate increases in diversity of
2 ownership and diversity of fuel supply of nonutility electrical
3 generation.

4 (12) A mechanism for recovery of reasonable administrative
5 costs related to procurement in the generation component of rates.

6 (c) The commission shall review and accept, modify, or reject
7 each electrical corporation's procurement plan and any amendments
8 or updates to the plan. The commission shall ensure that the plan
9 contains the elements required pursuant to this section, including
10 the ~~elements~~ *showings* described in ~~subparagraphs~~ *subparagraph*
11 ~~(D) and (E)~~ of paragraph (9) of subdivision (b). The commission's
12 review shall consider each electrical corporation's individual
13 procurement situation, and shall give strong consideration to that
14 situation in determining which one or more of the features set forth
15 in this subdivision shall apply to that electrical corporation. A
16 procurement plan approved by the commission shall contain one
17 or more of the following features, provided that the commission
18 may not approve a feature or mechanism for an electrical
19 corporation if it finds that the feature or mechanism would impair
20 the restoration of an electrical corporation's creditworthiness or
21 would lead to a deterioration of an electrical corporation's
22 creditworthiness:

23 (1) A competitive procurement process under which the
24 electrical corporation may request bids for procurement-related
25 services. The commission shall specify the format of that
26 procurement process, as well as criteria to ensure that the auction
27 process is open and adequately subscribed. Any purchases made
28 in compliance with the commission-authorized process shall be
29 recovered in the generation component of rates.

30 (2) An incentive mechanism that establishes a procurement
31 benchmark or benchmarks and authorizes the electrical corporation
32 to procure from the market, subject to comparing the electrical
33 corporation's performance to the commission-authorized
34 benchmark or benchmarks. The incentive mechanism shall be
35 clear, achievable, and contain quantifiable objectives and standards.
36 The incentive mechanism shall contain balanced risk and reward
37 incentives that limit the risk and reward of an electrical corporation.

38 (3) Upfront achievable standards and criteria by which the
39 acceptability and eligibility for rate recovery of a proposed
40 procurement transaction will be known by the electrical corporation

1 prior to the execution of the bilateral contract for the transaction.
2 The commission shall provide for expedited review and either
3 approve or reject the individual contracts submitted by the electrical
4 corporation to ensure compliance with its procurement plan. To
5 the extent the commission rejects a proposed contract pursuant to
6 this criteria, the commission shall designate alternative procurement
7 choices obtained in the procurement plan that will be recoverable
8 for ratemaking purposes.

9 (d) A procurement plan approved by the commission shall
10 accomplish each of the following objectives:

11 (1) Enable the electrical corporation to fulfill its obligation to
12 serve its customers at just and reasonable rates.

13 (2) Eliminate the need for after-the-fact reasonableness reviews
14 of an electrical corporation's actions in compliance with an
15 approved procurement plan, including resulting electricity
16 procurement contracts, practices, and related expenses. However,
17 the commission may establish a regulatory process to verify and
18 ensure that each contract was administered in accordance with the
19 terms of the contract, and contract disputes that may arise are
20 reasonably resolved.

21 (3) Ensure timely recovery of prospective procurement costs
22 incurred pursuant to an approved procurement plan. The
23 commission shall establish rates based on forecasts of procurement
24 costs adopted by the commission, actual procurement costs
25 incurred, or combination thereof, as determined by the commission.
26 The commission shall establish power procurement balancing
27 accounts to track the differences between recorded revenues and
28 costs incurred pursuant to an approved procurement plan. The
29 commission shall review the power procurement balancing
30 accounts, not less than semiannually, and shall adjust rates or order
31 refunds, as necessary, to promptly amortize a balancing account,
32 according to a schedule determined by the commission. Until
33 January 1, 2006, the commission shall ensure that any
34 overcollection or undercollection in the power procurement
35 balancing account does not exceed 5 percent of the electrical
36 corporation's actual recorded generation revenues for the prior
37 calendar year excluding revenues collected for the Department of
38 Water Resources. The commission shall determine the schedule
39 for amortizing the overcollection or undercollection in the
40 balancing account to ensure that the 5-percent threshold is not

1 exceeded. After January 1, 2006, this adjustment shall occur when
2 deemed appropriate by the commission consistent with the
3 objectives of this section.

4 (4) Moderate the price risk associated with serving its retail
5 customers, including the price risk embedded in its long-term
6 supply contracts, by authorizing an electrical corporation to enter
7 into financial and other electricity-related product contracts.

8 (5) Provide for just and reasonable rates, with an appropriate
9 balancing of price stability and price level in the electrical
10 corporation's procurement plan.

11 (e) The commission shall provide for the periodic review and
12 prospective modification of an electrical corporation's procurement
13 plan.

14 (f) The commission may engage an independent consultant or
15 advisory service to evaluate risk management and strategy. The
16 reasonable costs of any consultant or advisory service is a
17 reimbursable expense and eligible for funding pursuant to Section
18 631.

19 (g) The commission shall adopt appropriate procedures to ensure
20 the confidentiality of any market sensitive information submitted
21 in an electrical corporation's proposed procurement plan or
22 resulting from or related to its approved procurement plan,
23 including, but not limited to, proposed or executed power purchase
24 agreements, data request responses, or consultant reports, or any
25 ~~combination~~, *combination of these*, provided that the Office of
26 Ratepayer Advocates and other consumer groups that are
27 nonmarket participants shall be provided access to this information
28 under confidentiality procedures authorized by the commission.

29 (h) Nothing in this section alters, modifies, or amends the
30 commission's oversight of affiliate transactions under its rules and
31 decisions or the commission's existing authority to investigate and
32 penalize an electrical corporation's alleged fraudulent activities,
33 or to disallow costs incurred as a result of gross incompetence,
34 fraud, abuse, or similar grounds. Nothing in this section expands,
35 modifies, or limits the ~~State Energy Resources Conservation and~~
36 ~~Development~~ Commission's existing authority and responsibilities
37 as set forth in Sections 25216, 25216.5, and 25323 of the Public
38 Resources Code.

39 (i) An electrical corporation that serves less than 500,000 electric
40 retail customers within the state may file with the commission a

1 request for exemption from this section, which the commission
2 shall grant upon a showing of good cause.

3 (j) (1) Prior to its approval pursuant to Section 851 of any
4 divestiture of generation assets owned by an electrical corporation
5 on or after the date of enactment of the act adding this section, the
6 commission shall determine the impact of the proposed divestiture
7 on the electrical corporation's procurement rates and shall approve
8 a divestiture only to the extent it finds, taking into account the
9 effect of the divestiture on procurement rates, that the divestiture
10 is in the public interest and will result in net ratepayer benefits.

11 (2) Any electrical corporation's procurement necessitated as a
12 result of the divestiture of generation assets on or after the effective
13 date of the act adding this subdivision shall be subject to the
14 mechanisms and procedures set forth in this section only if its
15 actual cost is less than the recent historical cost of the divested
16 generation assets.

17 (3) Notwithstanding paragraph (2), the commission may deem
18 proposed procurement eligible to use the procedures in this section
19 upon its approval of asset divestiture pursuant to Section 851.

20 (k) The commission shall direct electrical corporations to include
21 in their proposed procurement plans the integration costs described
22 and determined pursuant to clause (v) of subparagraph (A) of
23 paragraph (4) of subdivision (a) of Section 399.13.

24 (l) Prior to approving a contract for any new gas-fired ~~generation~~
25 ~~resource~~, *generating unit*, the commission shall require the
26 electrical corporation to demonstrate it has complied with its
27 approved procurement plan.

28 SEC. 3. No reimbursement is required by this act pursuant to
29 Section 6 of Article XIII B of the California Constitution because
30 the only costs that may be incurred by a local agency or school
31 district will be incurred because this act creates a new crime or
32 infraction, eliminates a crime or infraction, or changes the penalty
33 for a crime or infraction, within the meaning of Section 17556 of
34 the Government Code, or changes the definition of a crime within
35 the meaning of Section 6 of Article XIII B of the California
36 Constitution.